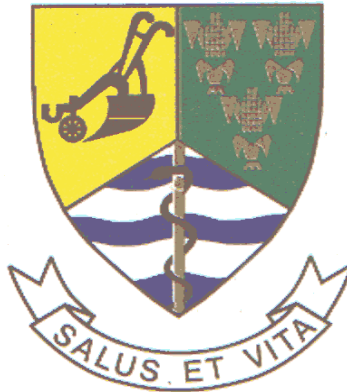


BELA BELA LOCAL MUNICIPALITY



DRAFT ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 30, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 18 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

N S BAMBO
MUNICIPAL MANAGER

DATE

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BELA BELA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		94 262 148	93 577 683
Government Grant Reserve		27 079 534	22 752 164
Capital Replacement Reserve		9 005 289	631 000
Capital from External Loans		4 033 445	
Accumulated surplus		54 143 880	70 194 519
Non-current liabilities			
Interest bearing borrowings	2	15 563 493	15 999 828
Current liabilities		27 052 536	26 442 115
Provisions	3	4 449 452	3 550 987
Consumer deposits	4	2 366 530	2 410 591
Trade and other payables	5	12 386 975	10 487 160
Unspent conditional grants and receipts	6	6 516 913	8 743 197
Bank overdraft	13		0
Current portion of interest bearing borrowings	2	1 332 665	1 250 181
TOTAL NET ASSETS AND LIABILITIES		136 878 178	136 019 626
ASSETS			
Non-current assets		97 605 728	86 170 023
Property, plant and equipment	7	93 565 669	86 163 410
EFF Advances to Services		4 033 446	
Loans and receivables	8	6 613	6 613
Current assets		39 272 451	49 849 603
Inventory	9	516 891	1 434 336
Consumer debtors	10	15 841 793	21 950 568
Other debtors	11	2 700 813	926 667
Call Investment deposits	12	7 337 669	14 495 684
Bank balance and cash	13	12 875 285	11 042 347
TOTAL ASSETS		136 878 178	136 019 626

BELA BELA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
REVENUE			
Property rates	14	16 607 288	15 238 168
Property rates - penalties imposed and collection charges		4 331.9	-
Service charges	15	40 870 369	43 410 312
Rental of facilities and equipment		1 000 346	709 127
Interest earned - external investments		2 205 247	409 584
Interest earned - outstanding debtors		4 638 743	3 002 629
Fines		319 237	2 990 747
Licences and permits		5 027 208	762 176
Government grants and subsidies	16	22 056 828	18 748 248
Other income		1 918 445	3 949 020
Public contributions and donations		0	
Total Revenue		94 648 043	89 220 011
EXPENDITURE			
Employee related costs	17	36 506 365	28 531 760
Remuneration of councillors	18	4 440 452	3 484 458
Bad debts		-	0
Collection costs			
Depreciation		9 332 844	5 405 051
Repairs & Maintenance		4 017 996	5 992 605
Interest paid	19	1 462 429	972 995
Bulk purchases	20	19 671 484	18 488 095
General expenses	21	18 728 318	26 212 453
Loss on disposal of property, plant and equipment		-	0
Leave Provision		472 435	
Total Expenditure		94 632 323	89 087 417
SURPLUS/(DEFICIT) FOR THE YEAR		15 720	132 594

Refer to Appendix E(1) for the comparison with the approved budget

BELA BELA MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	<u>Pre GAMAP Reserves & Funds</u>	<u>Government Grant Reserve</u>	<u>Capital from External Loans</u>	<u>Capital Replacement Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
	R	R	R	R	R	R	R
2007							
Balance at 1 July 2006		19 599 342		-		59 730 947	79 330 289
Implementation of GAMAP (note 21)							-
Restated balance	-	19 599 342		-		59 730 947	79 330 289
Net deficit for the year						132 594	132 594
Adjustments						10 961 978	10 961 978
Transfer to CRR				631 000		(631 000)	-
Capital external loans used to purchase PPE							-
Capital grants used to purchase PPE		4 387 131					4 387 131
Offsetting of Depreciation		(1 234 309)					(1 234 309)
Balance at 30 June 2007	-	22 752 164	-	631 000	-	70 194 519	93 577 683
2008							
Correction of error						(10 562 710)	(10 562 710)
Restated balance	-	22 752 164		631 000	-	59 631 809	83 014 973
Net surplus(deficit) for the year						15 720	15 720
Adjustments						(5 503 649)	(5 503 649)
Transfer to CRR				8 374 289			8 374 289
Capital external loans used to purchase PPE			4 033 445				4 033 445
Capital grants used to purchase PPE		4 327 370					4 327 370
Donated/contributed PPE							-
Offsetting of Depreciation						-	-
Balance at 30 June 2008	-	27 079 534	4 033 445	9 005 289	-	54 143 880	94 262 148

BELA BELA MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		83 854 954	82 365 864
Cash paid to suppliers and employees		(84 827 044)	(72 852 996)
Cash generated from operations	22	(972 090)	18 147 181
Interest received		2 205 247	3 002 629
Interest paid	19	(1 462 429)	(972 995)
NET CASH FROM OPERATING ACTIVITIES		(229 273)	21 149 810
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(16 735 104)	(11 282 106)
Decrease in loans and receivables		(1 353 850)	
NET CASH FROM INVESTING ACTIVITIES		(18 088 954)	(11 282 106)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		1 000 000	12 547 429
Increase in consumer deposits	4	(44 061)	(107 093)
NET CASH FROM FINANCING ACTIVITIES		955 939	12 440 336
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1 832 938	22 308 040
Cash and cash equivalents at the beginning of the year		11 042 347	(11 505 927)
Cash and cash equivalents at the end of the year	13	12 875 285	11 042 347

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1 SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

These standards are summarised as follows: -

GRAP 01	Presentation of financial statements
GRAP 02	Cash flow statements
GRAP 03	estimates and errors
GAMAP 04	The effects of changes in foreign exchange rates
GAMAP 06	for controlled entities
GAMAP 07	Accounting for investments in associates
GAMAP 08	Financial reporting of interests in joint ventures
GAMAP 09	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007, exempted compliance with certain of the above mentioned standards and aspects or part of these standards. Details of the exemption applicable to the municipality have been provided in the notes to the annual financial statements.

GAMAP, GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP, GRAP and GAAP is set out in Note 21.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis

1.4 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP, GRAP or GAAP.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.5 RESERVES

1.5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.5.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciable amount is determined after deducting the residual value of the assets from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. The annual depreciation rates are based on the following estimated asset lives:-

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Infrastructure</u>	<u>Years</u>	<u>Other</u>	<u>Years</u>
Roads and Paving	10	Buildings	30
Electricity		20 Other vehicles	5
Water		20 Office equipment	3
Sewerage		20 Furniture and fittings	5
Landfill sites		Bins and containers	5
<u>Community</u>	<u>Years</u>	Specialised plant and equipment	10
Buildings	30		
Recreational Facilities	30		
Security	5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

Accounting Policy for the 2005/06 financial year

The carrying values of items of property, plant and equipment have not been adjusted with impairment losses as no impairment testing was done. The useful lives and residual values of assets classified as property, plant and equipment were not reviewed at financial year end.

No property was classified and disclosed as investment property. Land and buildings were recognised as items of property, plant and equipment.

Accounting Policy for the 2006/07 financial year

In terms of the exemptions granted by the Minister of Finance no review of useful life of items of PPE or the depreciation method applied to PPE was done as is required by GAMAP 17. No impairment testing was done for non-cash generating assets as well as cash generating assets due to the application of an exemption of IAS 36/AC 128 granted in Gazette 30013.

The municipality is exempt from IAS 40 (AC 135) as it has not recognised any property as investment property but as property, plant and equipment in terms of GAMAP 17. It only recognizes its investment property where it is certain that it meets the definition of investment property.

1.7 INVESTMENTS

Financial instruments

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Accounting Policy for the 2005/06 financial year

No impairment testing of assets is done to determine impairment losses that should be recognised as an expense in the period that the impairment is identified.

Accounting Policy for the 2006/07 financial year

The municipality did not test for impairment of assets as it is exempted from IAS 36 (AC128) entirely.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.8 INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to

The municipality is exempt from recognising an immovable capital assets as inventory in terms of GAMAP 12 if it has recognised immovable capital assets as property, plant and equipment in terms of GAMAP 17 and has not satisfied itself that the item is in actual fact inventory.

The municipality is exempt from recognising and disclosing self-purified water stock on hand at the end of the financial year as inventory in terms of GAMAP 12.

1.9 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.10 LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

Accounting Policy for the 2005/06 financial year

Operating lease payments are recognised on the basis of the cash flows in the lease agreement.

Accounting Policy for the 2006/07 financial year

The municipality is exempt from recognising operating lease payments on a straight line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17).

1.11 TRADE AND OTHER PAYABLES

Trade and other payables are stated at their nominal value.

1.12 REVENUE RECOGNITION

1.12.1 Revenue from Exchange Transactions

Rendering of services (for example licence fees, permits, electricity, sewerage and water connections)

Revenue arising from the rendering of services and the application of the approved tariff of charges is recognised by reference to the percentage of completion as at the reporting date. Where the percentage of completion cannot be measured reliably, revenue from the rendering of services and the application of the approved tariff of charges is recognised to the extent of expenses are recoverable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.12 REVENUE RECOGNITION (CONTINUED)

Sale of goods

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Service charges

Service charges relating to electricity and water are based on consumption metered and an estimate of consumption between the latest meter reading date and the reporting date.

In respect of consumption metered, meters are read on a monthly basis and are recognised as revenue when billed. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Operating lease revenue is recognised on a straight-line basis over the lease term.

Interest

Interest is recognised on a time proportion basis.

Other grants and donations

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

1.12.2 Revenue from non-exchange transactions

Rates (including collection charges and penalty interest)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Other

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.12 REVENUE RECOGNITION (CONTINUED)

Accounting Policy for the 2005/06 financial year

No initial measurement of fair value by discounting all future receipts using an imputed rate of interest is done. Revenue from the sale of goods and services are recognised at its face value/cost.

Accounting Policy for the 2006/07 financial year

The municipality is exempted from paragraph 12 of GAMAP 9 in initial measurement of fair value of revenue by discounting all future receipts using an imputed rate of interest. The initial recognition at fair value in accordance with GAMAP 9 and IAS 29/AC 133 is exempted. The municipality recognised revenue from the sale of goods and services at its face value. Any payables from the purchase of goods and services are also recognised at face value/cost.

1.13 BORROWING COSTS (EXPENSED)

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

1.14 PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

1.15 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.16 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

1.17 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

1.18 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

1.21 COMPARATIVE INFORMATION

1.21.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

1.21.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
2 INTEREST BEARING BORROWINGS		
Annuity loans	16 320 005	16 102 928
Other loans	576 154	1 147 081
	<u>16 896 159</u>	<u>17 250 009</u>
Less: current portion transferred to current liabilities	(1 332 665)	(1 250 181)
Annuity loans	(912 622)	(779 074)
Other loans	(420 043)	-471 108
Total Interest Bearing Borrowings	<u>15 563 493</u>	<u>15 999 828</u>

Refer to Appendix A for more detail on long-term liabilities

3 PROVISIONS - CURRENT		
Performance Bonus	666 486	241 306
Staff Leave	3 782 966	3 309 681
Total Provisions	<u>4 449 452</u>	<u>3 550 987</u>

	Performance Bonus	Staff Leave
30 June 2008		
The movement is reconciled as follows:		
Balance at beginning of year	241 306	3 309 681
Contributions to provision		
Expenditure incurred	425 180	473 285
Balance at year end	<u>666 486</u>	<u>3 782 966</u>

Performance bonuses are paid one year in arrears as the assessment of eligible employees has not taken place at the reporting date and no present obligations exist.

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the total number of leave days due to employees at year end and also on the total remuneration package of the employee.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
4 CONSUMER DEPOSITS		
Electricity and water	<u>2 366 530</u>	<u>2 410 591</u>
Guarantees held in lieu of consumer deposits	<u>143 679</u>	<u>440 895</u>
5 TRADE AND OTHER PAYABLES		
Trade creditors	0	2 093 065
Debtors In advance	3 126 996	0
Other creditors	9 217 930	7 097 729
VAT		905 514
Retention	42 050	390 851
	<u>12 386 975</u>	<u>10 487 160</u>
VAT is payable on the payment basis. Only one payment is received from debtors, VAT is paid over to SARS.		9 581 646
		905 514
6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government		
Finance Management grant	(478 348)	-
Municipal Systems Improvement Grants	25 170	-
Municipal Infrastructure Grant	(177 374)	-
Revenue Enhancement grant	61 044	160 034
Community based grant	921 087	921 087
Radium Hydroponic grant	37 964	37 964
Vuna Awards	328 516	328 516
Housing grants	-	-
Cattle pound grant	364 300	364 300
INEP	125 064	125 064
Project management grant	566 989	566 989
Housing Project	4742 501	6239 243
Total Conditional Grants and Receipts	<u>6 516 913</u>	<u>8 743 197</u>
See note 16 for reconciliation of grants from other spheres of government.		
8 LOANS AND RECEIVABLES		
Eskom deposit	<u>6 613</u>	<u>6 613</u>
9 INVENTORY		
Consumable stores - at cost	<u>516 891</u>	<u>1 434 336</u>

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

		2008	R	2007	R
10	CONSUMER DEBTORS				
		Gross Balances	Provision for bad debts	Debtors In Advance	Net Balances
As at 30 June 2008					
Service debtors		28 464 303	23 234 443	2 882 121	8 111 981
Rates		13 758 132	11 556 831	1 162 598	3 363 899
Water		5 928 231	4 979 714	670 262	1 618 779
Electricity		2 065 005	1 059 032	804 252	1 810 224
Sewerage		3 096 839	2 601 345	229 488	724 982
Refuse		3 616 096	3 037 521	15 521	594 096
Other (specify)		9 125 555	1 640 619	244 875	7 729 812
Total		37 589 859	24 875 062	3 126 996	15 841 793
As at 30 June 2007					
Service debtors		32 789 633	16 642 938	16 146 695	
Rates		12 510 608	6 352 231	6 158 377	
Water		7 979 588	4 049 321	3 930 267	
Electricity		3 215 062	1 631 040	1 584 022	
Sewerage		4 311 446	2 187 538	2 123 908	
Refuse		4 772 929	2 422 808	2 350 121	
Other (specify)		11 782 844	5 978 970	5 803 874	
Total		44 572 477	22 621 908	21 950 569	

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2008
R

2007
R

10 CONSUMER DEBTORS (CONTINUED)

Rates: Ageing

Current (0 - 30 days)	2 310 016	1 352 799
31 - 60 Days	1 521 416	1 277 843
61 - 90 Days	1 081 805	1 042 228
91- 120 Days	925 716	586 596
+ 120 Days	8 735 402	8 800 998
Total	14 574 355	13 060 464

(Water, electricity and sewerage): Ageing

Current (0 - 30 days)	2 627 131	3099733
31 - 60 Days	1 045 753	1 096 068
61 - 90 Days	812 054	1 122 005
91- 120 Days	586 875	531 467
+ 120 Days	6 222 638	9 833 866
Total	11 294 451	12 583 406

Other: Ageing

Current (0 - 30 days)	603043	671009
31 - 60 Days	399 776	362 757
61 - 90 Days	302 235	380 712
91- 120 Days	241 404	299 378
+ 120 Days	10 571 151	15 099 332
Total	12 117 609	16 142 179

Segmentation

	Government	Business	House Hold	Other
Current (0 - 30 days)	38 837	986 331	1 314 093	1 942 303
31 - 60 Days	29 044	726 942	795 562	1 206 046
61 - 90 Days	10 821	522 392	609 585	1 083 334
+ 91 Days	101 468	1 599 426	6 025 075	20 995 156
Total	180 170	3 835 091	8 744 315	25 226 839

Total All **37 986 415**

Diffenrance is the balance of movements after billing as per recon.

396 556

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
Reconciliation of bad debt provision		
Correction Previous under statement	29 074 918	
Balance at beginning of year	2 621 909	2 621 909
Contributions to provision	-	0
Bad debts written off against provision	(6 821 765)	-
Balance at year end	24 875 062	2 621 909

Comparative information for 2006 could not be obtained as it was an older IT system.

11 OTHER DEBTORS

Other	2 700 812	926 667
	2 700 812	926 667

12 INVESTMENTS

Opening Balance	14 495 684	
Nett Movement	(7 158 015)	
Fixed deposits	7 337 669	14 495 684

Fixed deposit of R3 339 102 is ring fenced for the housing grant.

Pledged investments

A fixed deposit amounting to R796 518 is held as security for a guarantee given to Magalies Water.

A fixed deposit amounting to R806 401 is held as security for a loan given by INCA.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008		2007	
	R		R	
13 BANK, CASH AND OVERDRAFT BALANCES				
The municipality has the following bank account:				
<u>Current Account (Primary Bank Account)</u>				
ABSA Bank - Bela Bela branch				
Account number: 1330000062				
Cash book balance at beginning of year	11 040 087		(11 505 927)	
Cash book balance at end of year	<u>12 873 025</u>		<u>11 040 087</u>	
Bank statement balance at beginning of year	(9 669 141)		(1 148 752)	
Bank statement balance at end of year	<u>2 564 481</u>		<u>(9 669 141)</u>	
Petty cash	<u>2 260</u>		<u>2 260</u>	

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
14 PROPERTY RATES		
Total assessment rates	16 607 288	15 238 168
<u>Valuations as per system</u>		
Land / Market Value	3 161 093 123	1 062 036 958
Improvements		1 292 486 585
Total property valuations	3 161 093 123	2 354 523 543
Valuations on land and building are performed every four years. The last valuation came into effect on 1 July 2007. Interim valuations are processed on a regular basis to take into account changes in individual property values due to subdivisions and alterations. A rate of R0.10 (2006: R0.095) is applied to land and R0.075 (2006: R0.070) on the improvement valuations to determine assessment rates. Rebates of 25% is granted to residential and state property owners. A rebate of 25% was granted to pensioners and medically unfit owners. A further rebate of 85% was granted to privately developed townships. Interest at 18% per annum is levied on outstanding rates.		
Valuations as per roll	Roll	Supplementary Total
Bela Bela	1 360 268 247	209 398 900 1 569 667 147
Sectional Titles	777 406 000	143 508 000 920 914 000
Farms	2 845 350 200	91 295 240 2 936 645 440
	4 983 024 447	444 202 140 5 427 226 587
15 SERVICE CHARGES		
Sale of electricity	25 561 809	27 140 370
Sale of water	6 779 586	8 569 199
Refuse removal	4 264 137	3 963 862
Sewerage and sanitation charges	4 264 837	3 736 881
Total Service Charges	40 870 369	43 410 312

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008		2007	
	R		R	
16 GOVERNMENT GRANTS AND SUBSIDIES				
Equitable share	21 873 616		14 871 675	
			1 188 407	
			0	
			2 370 592	
Seta Grant	61 863		74 604	
Capacity building grant	0		121 485	
Total Government Grants and Subsidies	21 935 479		18 626 763	

16.1 Equitable share

In terms of the Constitution, the grant is used to subsidise the provision of free basic services to indigent community members. All registered indigents receive a monthly subsidy of R90 (2006: R90) which is funded from this grant. Included is an amount of R which was a special contribution for councillors remuneration.

16.2 Finance Management Grant

Balance unspent at beginning of year	0	688 407
Current year receipts	500 000	500 000
Conditions met - transferred to income	(978 348)	(1 188 407)
Conditions still to be met - transferred to liabilities	(478 348)	0

The grant was utilised for the appointment of the financial interns and assist with the implementation of the MFMA. The conditions of the grant were met. No funds have been withheld.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
16.3 IDP grant		
Balance unspent at beginning of year	-	14 429
Current year receipts	-	-
Conditions met - transferred to income	-	(14 429)
Conditions still to be met - transferred to liabilities	<u>0</u>	<u>0</u>

The grant was utilised for funding the IDP process. The conditions of the grant were met. There were no delay or withholding of the grant

16.4 Capacity building grant		
Balance unspent at beginning of year	-	121 485
Current year receipts	-	-
Conditions met - transferred to income	-	(121 485)
Conditions still to be met - transferred to liabilities	<u>0</u>	<u>0</u>

The grant was utilised to purchase equipment. The conditions of the grant were met.

16.5 Revenue Enhancement grant		
Balance unspent at beginning of year	160 034	1 000 000
Current year receipts	-	-
Conditions met - transferred to income	(221 078)	(839 966)
Conditions still to be met - transferred to liabilities	<u>- 61 044</u>	<u>160 034</u>

The grant was utilised to provide support in the finance department. The conditions of the grant were met. No funds have been withheld.

16.6 Community based grant		
Balance unspent at beginning of year	921 087	921 087
Current year receipts	-	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>921 087</u>	<u>921 087</u>

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
16.7 Radium Hydroponic grant		
Balance unspent at beginning of year	37 964	148 374
Current year receipts		
Conditions met - transferred to income	-	(110 410)
Conditions still to be met - transferred to liabilities	<u>37 964</u>	<u>37 964</u>

The grant was utilised to assist emerging farmers in a project in Radium. The conditions of the grant were met. No funds have been withheld.

16.8 Housing grants		
Balance unspent at beginning of year	4 202 404	979 357
Balance Adjustment (See Note 6)	2 036 840	
Current year receipts	1 000 000	8 753 312
Conditions met - transferred to income	-2 496 743	-5 530 266
Conditions still to be met - transferred to liabilities	<u>4 742 501</u>	<u>4 202 404</u>

The grant was utilised to construct RDP houses. The conditions of the grant were met. No funds have been withheld.

16.9 Cattle pound grant		
Balance unspent at beginning of year	364 300	380 000.0
Current year receipts		-
Conditions met - transferred to income	0	- 15 700
Conditions still to be met - transferred to liabilities	<u>364 300</u>	<u>364 300</u>

The grant will be utilised to implement measures to ensure that cattle do not roam on the roads. The conditions of the grant were met. No funds have been withheld.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

16.10 INEP

	2008	2007
	R	R
Balance unspent at beginning of year	125 064	129 800.0
Current year receipts		-
Conditions met - transferred to income	0	- 4 736
Conditions still to be met - transferred to liabilities	<u>125 064</u>	<u>125 064</u>

The grant was utilised for the instalation of electrical infrastructure. The conditions of the grant were met. No funds have been withheld.

17 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and wages	25 558 090	20 992 338
Employee related costs - Contributions for UIF, pensions and medical aids	6 157 721	4 870 555
Travel and other allowances	2 635 763	505 851
Overtime allowances	2 154 790	2 163 015
Total Employee Related Costs	<u>36 506 365</u>	<u>28 531 759</u>

There were no advances to employees.

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

17	EMPLOYEE RELATED COSTS (CONTINUED)	2008	2007
		R	R
	Remuneration of the Municipal Manager		
	Annual Remuneration	347 640	292 814
	Performance bonus	-	-
	Travel allowance	131 914	116 802
	Council contributions	140 270	93 999
	Total	619 824	503 615
	Remuneration of the Chief Financial Officer		
	Annual Remuneration	291 864	282 642
	Performance bonus	-	-
	Travel allowance	123 750	90 000
	Council contributions	35 636	77 358
	Total	451 250	450 000
	Remuneration of Individual Managers		
	30 June 2008		
		Technical	
	Social Services	Services	Corporate Services
			Town Planning
	Annual Remuneration	278 928	289 700
	Performance bonus	-	-
	Travel allowance	83 024	118 250
	Council contributions	114 363	19 376
	Total	476 315	416 290
	Remuneration of Individual Managers		
	30 June 2007		
		Technical	
	Social Services	Services	Corporate Services
	Annual Remuneration	223 619	280 889
	Performance bonus	-	-
	Travel allowance	48 145	86 000
	Council contributions	68 236	63 111
	Total	340 000	340 000

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
18 REMUNERATION OF COUNCILLORS		
Mayor	426 444	544 774
Chief Whip	346 475	0
Speaker	310 467	256 660
Mayoral Committee members	489 006	624 989
Councillors	1 298 964	1 807 087
Council's contributions	287 275	250 949
Total Councillors Remuneration	3 158 631	3 484 459
In kind benefits		
The Executive Mayor and Speaker are full time councillors. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.		
19 INTEREST PAID		
Long-term liabilities	1 108 538	803 891
Bank overdraft	353 891	169 104
Total Interest on External Borrowings	1 462 429	972 995
20 BULK PURCHASES		
Electricity	16 775 775	14 607 106
Water	2 895 709	3 880 989
Total Bulk Purchases	19 671 484	18 488 095

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
21 GENERAL EXPENSES		
Local Economic Development	288 000	549 379
Banking Cost	753 483	331 469
Computer Licence and Contracts	1 740 590	1 217 331
Delegation Cost	225 382	353 496
Meter Reading	1 149 108	2 444 811
Workmen Compensation	1 317	777 364
Legal Consultation	1 087 404	1 362 971
Telephone Cost	621 849	824 004
Risk and Assets Management	1 941 288	2 099 663
Transport Cost	3 011 574	2 826 147
Valuation Costs	1 256 939	2 537 284
Grant Expenditure	0	1 202 523
External Audit	1 084 242	361 445
Capacity Building	351 303	204 926
Uniform and Clothing	99 864	399 311
Hire Charges Photo copiers	41 920	139 054
Equitable Share Levy	3 233 598	3 652 291
Skill Development Levy	214 460	116 826
External Communication	99 512	132 773
Community Outreached Programme	219 659	229 248
Printing & Stationery	439 056	371 905
Chemical	289 478	212 414
Other Expenses	25 159 353	3 433 807
Total General Costs	43 309 379	25 780 442

**22 CHANGE IN ACCOUNTING POLICY -
IMPLEMENTATION OF GAMAP**

The changes have been made in 2007 and as such require no disclosure

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
23 CASH GENERATED FROM OPERATIONS		
Net surplus/(deficit) for the year	15 720	-
Adjustment for: -		
Depreciation	9 332 844	0
Interest paid	1 462 429	790 688
Interest received	(2 205 247)	(3 364 247)
Loss on disposal of property, plant and equipment		
GAMAP GRAP adjustments		
Contributions to provisions - current	9 805 279	3 550 987
Non cash adjustments		9 027 916
Operating (deficit)/surplus before working capital changes	18 411 025	10 005 344
Decrease/(Increase) in Debtors	6 108 776	572 095
Increase in inventory	(917 446)	(257 493)
Decrease in Other Debtors	(1 774 145)	(7 256 791)
Decrease in Unspent Conditional Grants and Receipts	(2 226 284)	3 793 269
(Decrease)/Increase in Creditors	(1 899 815)	5 753 113
Decrease in investment deposits	7 158 015	
Cash generated by/(utilised in) operations	24 860 126	12 609 536
24 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:		
Bank balance	12 873 025	11 039 747
Petty cash	2 260	2 600
	12 875 285	11 042 347

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
25 UTILISATION OF INTEREST BEARING BORROWINGS RECONCILIATION		
Interest bearing borrowings (see note 2)		
Used to finance property, plant and equipment - at cost		
Sub total		
Cash set aside for the repayment of long term liabilities		
Cash invested for repayment of long-term liabilities (see note)		
Long term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure long-term liabilities can be repaid on redemption date.		
26 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	1 364 845.0	-
Fruitless and wasteful expenditure current year		1 364 845
Condoned or written off by Council	-	-
To be recovered - Contingent Asset	-	-
Fruitless and wasteful expenditure awaiting condonement	1 364 845	1 364 845.0
This expenditure arose from late payment of VAT.		

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
26 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT	2 008	2 007
26.1 Contributions to organised local government		
Opening Balance		
Council subscriptions	127 107	110 728
Amount Paid - current year	(127 107)	(110 728)
Balance unpaid	-	-
26.2 Audit fees		
Opening balance		
Current year audit fees	1 226 000	361 445
Amount paid - current year	(1 226 000)	(361 445)
Balance unpaid	-	-
26.3 VAT		
VAT input receivables and VAT output receivables are shown in note 5. All VAT returns have been submitted by the due date throughout the year.		
26.4 PAYE and UIF		
Opening Balance	483 410	
Current year payroll deductions	3 216 568	3 186 551
Amount Paid - Current year	(3 699 978)	(3 186 551)
Balance unpaid	-	-
26.5 Pension and Medical Aid deductions		
Opening Balance	-	
Current year payroll deductions	7 756 801	6 431 998
Amount Paid - Current year	(7 756 801)	(6 431 998)
Balance unpaid	-	-

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
26.6 Councillor's arrear consumer accounts		
Arrear Councilors accounts as at 30 June 2008	<u>21 896</u>	<u>0</u>
27 REMUNERATION OF AUDIT COMMITTEE MEMBERS		
Remuneration	<u>87 574</u>	<u>53 039</u>
3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses.		
28 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for		
- Land and buildings	<u>5 014 013</u>	<u>5 014 013</u>
The expenditure will be financed from:		
- Own resources	651 000	651 000
- MIG	<u>4 363 013</u>	<u>4 363 013</u>
	<u>5 014 013</u>	<u>5 014 013</u>
29 RETIREMENT BENEFIT INFORMATION		
The last valuations of Transvaal Municipal Pension Fund was done on 30 June 2003.		
Joint Municipal Pension Fund		
Actuarial Valuation	2005	2002
	R'000	R'000
Assets	3 046 791	1 956 589
Obligations	<u>2 850 679</u>	<u>1 956 589</u>
Surplus / (Deficit)	<u>196 112</u>	<u>-</u>
This represents a funding level of 66.4%.		

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008		2007
	R		R
Municipal Employees Gratuity Fund			
The last valuating of the Municipal Employees Gratuity Fund was done on 30 June 2002			
Actuarial Valuation	30/06/2006		30/06/2005
	R'000		R'000
Share account	6 417 800		5 372 359
Reserve Account	-		-
Value of Fund 30 June 2002	6 417 800		5 372 359
The fund is financial sound for the requirements of the Pension Fund Act.			
Sala Pension Fund			
Actuarial Valuation	01/07/2005		01/07/2006
	R'000		R'000
Assets	4 151		5 023
Liabilities	4 086		5 023
Surplus/(Deficit)	<u>66</u>		<u>-</u>

30 EVENTS AFTER REPORTING DATE

31 COMPARISON WITH BUDGET

The comparison of the Municipality's actual performance

with that budgeted is set out in Annexure E(1) and E(2).

BELA BELA MUNICIPALITY

APPENDIX A SCHEDULE OF EXTERNAL LOANS AS AT 30JUNE 2008

EXTERNAL LOANS	Interest rate	Loan Number	Redeemable	Balance at 2007/06/30	Adjust Opening Balances	Received during the period	Redeemed written off during the period	Balance at 2008/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
ANNUITY LOANS										
INCA	14.80%	BELA-00-0002	June 2012	4 066 153	0		597 838	3 468 315		
INCA	10.49%	BELA-00-0003	June 2027	12 036 775	-		181 235	11 855 540		
INCA	13.00%	BELA-00-0004	June 2027			1 000 000	3 850	996 150		
Wesbank	16.40%	NBP01143K		60 921	0		60 921	0		
ABSA		71830379	Aug 2008	1 025 666	-29 468.9		420 043	576 154		
Bankfin		61892880		89 923	40		89 963	0		
TOTAL EXTERNAL LOANS				17 279 438	(29 429)	1 000 000	1 353 850	16 896 159	0	0

BELA BELA MUNICIPALITY

APPENDIX B ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfer	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer	Disposals	Closing Balance	
Land and Buildings												
Land	4 560 771					4 560 771	-	-		-	-	4 560 771
Buidlings	41 388 701	473 715		4 033 445		45 895 861	7 536 236	1 396 209		-	8 932 445	36 963 415
	45 949 472	473 715	-	4 033 445	-	50 456 632	7 536 236	1 396 209	-	-	8 932 445	41 524 186
Infrastructure												
Roads	6 254 249	4 879 889				11 134 138	847 489	826 178			1 673 667	9 460 471
Sewer	12 208 507	-				12 208 507	2 593 799	1 658 670			4 252 469	7 956 038
Water	17 731 393	5 817 144				23 548 537	3 610 129	2 330 870			5 940 999	17 607 537
Electricity	17 379 000	1 182 381				18 561 381	5 280 503	1 395 055			6 675 558	11 885 823
Total Infrastructure	53 573 149	11 879 414	-	-	-	65 452 563	12 331 920	6 210 773	-	-	18 542 693	46 909 870
Community Assets												
Civic buildings	20 616	8 685				29 301	4 812	899			5 711	23 590
Libraries						-	-				-	-
Recreational Centres						-	-				-	-
Total Community Assets	20 616	8 685	-	-	-	29 301	4 812	899	-	-	5 711	23 590
Other Assets												
Motor Vehicles	8 529 991					8 529 991	5 755 331	859 964			6 615 295	1 914 696
Office Equipment	2 673 006	69 812				2 742 818	841 524	492 943			1 334 467	1 408 350
Furniture and Fittings	1 587 598	8 385				1 595 983	697 611	150 822			848 433	747 550
Machinery	4 622 372	261 649				4 884 021	3 625 362	221 233			3 846 595	1 037 425
Total other Assets	17 412 967	339 845	-	-	-	17 752 812	10 919 828	1 724 962	-	-	12 644 790	5 108 022
TOTAL	116 956 204	12 701 659	-	4 033 445	-	133 691 308	30 792 796	9 332 844	-	-	40 125 640	93 565 669

BELA BELA MUNICIPALITY

APPENDIX C SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	863 910	17 070	-	-	880 980	570 770	1 720 705	-	2 291 475	(1 410 495)
Finance & Admin	3 337 092	-	-	-	3 337 092	954 016	334 919	-	1 288 935	2 048 157
Planning & Development	45 883 571	-	-	-	45 883 571	7 550 867		-	7 550 867	38 332 704
Health	195 438	-	-	-	195 438	195 461		-	195 461	(23)
Community & Social services	397 829	469 057	-	-	866 886	147 420	253 032	-	400 452	466 434
Public Safety	696 104	-	-	-	696 104	323 839		-	323 839	372 265
Sport & Recreation	67 841	261 649	-	-	329 490	58 219	4 818	-	63 037	266 453
Environmental Protection	-	-	-	-	-	-		-	-	-
Waste Management	825 604	69 812	-	-	895 416	516 513		-	516 513	378 903
Waste Water Management	12 440 879		-	-	12 440 879	2 629 391	1 680 897	-	4 310 288	8 130 591
Road Transport	11 731 420	4 879 889	4 033 445	-	20 644 754	4 505 216	1 282 500	-	5 787 716	14 857 039
Water	20 731 926	5 821 802			26 553 728	6 489 561	2 367 928	-	8 857 489	17 696 239
Electricity	19 784 592	1 182 381	-	-	20 966 973	6 851 525	1 688 046	-	8 539 571	12 427 402
Other										
TOTAL	116 956 206	12 701 659	4 033 445	-	133 691 310	30 792 798	9 332 843	-	40 125 641	93 565 669

BELA BELA MUNICIPALITY

APPENDIX D SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

	2007 Actual Income	2007 Actual Expenditure	2007 Surplus / (Deficit)		2008 Actual Income	2008 Actual Expenditure	2008 Surplus / (Deficit)
	R	R	R		R	R	R
0		6 597 998	(6 597 998)	Executive & Council	-	6 109 992	(6 109 992)
	38 911 532	27 239 898	11 671 634	Finance & Admin	47 494 295	27 464 188	20 030 107
6.5	189 402	1 779 135	(1 589 733)	Planning & Development	483 894	3 235 273	(2 751 378)
3		1 083 527	(1 083 527)	Health	-	1 819 041	(1 819 041)
2	18 030	2 006 927	(1 988 897)	Community & Social services	5 120 906	5 669 656	(548 751)
1	3 278 887	2 238 819	1 040 068	Public Safety	490 958	2 366 130	(1 875 172)
	80 197	2 787 781	(2 707 584)	Sport & Recreation	22 518	905 688	(883 170)
	-	-	-	Environmental Protection	-	-	-
	4 005 615	3 080 018	925 597	Waste Management	4 304 774	2 882 450	1 422 324
	3 739 935	2 373 890	1 366 045	Waste Water Management	4 265 862	3 371 231	894 631
	3 426 926	8 210 881	(4 783 955)	Road Transport	-	7 170 308	(7 170 308)
	8 603 013	10 553 838	(1 950 825)	Water	6 805 947	10 841 534	(4 035 587)
	27 177 306	21 370 218	5 807 088	Electricity	25 658 889	22 796 830	2 862 059
				Other	-	-	-
	89 430 843	89 322 930	107 913	TOTAL	94 648 043	94 632 323	15 720
				Less Inter-Department Charges			
	89 430 843	89 322 930	107 913	TOTAL	94 648 043	94 632 323	15 720

BELA BELA MUNICIPALITY

**UNAUDITED INFORMATION - APPENDIX E(1)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008**

REVENUE	2008 Actual R	2008 Budget R	2008 Variance R	2008 Variance %	<u>Explanation of Significant Variances greater than 10% versus Budget</u>
Property rates	16 607 288	21 950 000	(5 342 712)	-24.34	
Property rates - penalties imposed and collection charges	4 332	-	4 332	0.00	
Service charges	40 870 369	45 344 044	(4 473 675)	-9.87	
Rental of facilities and equipment	1 000 346	309 540	690 806	223.17	
Interest earned - external investments	2 205 247	-	2 205 247	0.00	
Interest earned - outstanding debtors	4 638 743	525 000	4 113 743	783.57	
Fines	319 237	2 550 000	(2 230 763)	-87.48	
Licences and permits	5 027 208	2 050 000	2 977 208	145.23	
Government grants and subsidies	22 056 828	17 351 500	4 705 328	27.12	
Other income	1 918 445	5 146 980	(3 228 535)	-62.73	
Public contributions and donations	-	4 849 000	(4 849 000)	-100.00	
Gains on disposal of property, plant and equipment	-	-	-		
Total Revenue	94 648 043	100 076 064	(5 428 021)	-5.42	
EXPENDITURE					
Employee related costs	36 506 365	32 726 419	3 779 946	11.55	
Remuneration of councillors	4 440 452	5 916 241	(1 475 789)	-24.94	
Bad debts	-	6 100 000	(6 100 000)	-100.00	
Collection costs	-	-	-	0.00	
Depreciation	9 332 844	-	9 332 844		
Repairs & Maintenance	4 017 996	6 919 006	(2 901 010)	-41.93	
Interest paid	1 462 429	3 905 299	(2 442 870)	-62.55	
Bulk purchases	19 671 484	21 245 025	(1 573 541)	-7.41	
Contracted services	-	-	-	0.00	
General expenses	18 728 318	11 155 452	7 572 866	67.88	
Loss on disposal of property, plant and equipment	-	-	-	0.00	
Leave Provision	472 435	479 166	(6 731)	-1.40	
Contribution to capital	-	9 749 751	(9 749 751)	-100.00	
Total Expenditure	94 632 323	98 196 359	(3 564 036)	-3.63	
NET SURPLUS/(DEFICIT) FOR THE YEAR	15 720	1 879 705	(1 863 985)	-99.16	

BELA BELA MUNICIPALITY

UNAUDITED INFORMATION - APPENDIX E(2)
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Under</u> <u>Construction</u>	<u>2008</u> <u>Revaluation</u>	<u>2008</u> <u>Total</u> <u>Additions</u>	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Variance</u>	<u>2008</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
	R	R		R	R	R	%	
Land and Buildings								
Land	0			-	-	-		
Buildings	473 715	4 033 445		4 507 160	13 500 000	(8 992 840)	-66.61	
	<u>473 715</u>	<u>4 033 445</u>	<u>0</u>	<u>4 507 160</u>	<u>13 500 000</u>	<u>-8 992 840</u>	-66.61	
Infrastructure								
Roads	4 879 889			4 879 889	4 550 000	329 889	7.25	
Sewer	0			-	-	-		
Water	5 817 144	-		5 817 144	6 890 000	(1 072 856)	-15.57	
Electricity	1 182 381			1 182 381	1 217 911	(35 530)	-2.92	
	<u>11 879 414</u>	<u>0</u>	<u>0</u>	<u>11 879 414</u>	<u>12 657 911</u>	<u>- 778 497</u>	-6.15	
Community Assets								
Civic buildings	8 685			8 685	13 340	(4 655)	-34.90	
Libraries								
Recreational Centres								
	<u>8 685</u>	<u>0</u>	<u>0</u>	<u>8 685</u>	<u>13 340</u>	<u>- 4 655</u>	-34.90	
Other Assets								
Motor Vehicles	0			-	-	-		
Office Equipment	69 812			69 812	70 000	(188)	-0.27	
Furniture and Fittings	8 385			8 385	8 500	(115)	-1.35	
Machinery	261 649			261 649	282 362	(20 713)	(7.34)	
	<u>339 845</u>	<u>0</u>	<u>0</u>	<u>339 845</u>	<u>360 862</u>	<u>- 21 017</u>	(5.82)	
TOTAL	<u>12 701 659</u>	<u>4 033 445</u>	<u>-</u>	<u>16 735 104</u>	<u>26 532 113</u>	<u>(9 797 009)</u>		

BELA BELA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

7 PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2007	38 413 238	41 241 229	15 804	6 493 137	86 163 408
Cost	45 949 473	53 573 150	20 616	17 412 966	116 956 205
Accumulated Depreciation	(7 536 235)	(12 331 921)	(4 812)	(10 919 829)	(30 792 797)
Acquisitions	473 715	11 879 414	8 685	339 845	12 701 659
Assets Under Construction	4 033 445	-			4 033 445
Depreciation	(1 396 209)	(6 210 773)	(899)	(1 724 962)	(9 332 843)
Carrying values at 30 June 2008	41 524 188	46 909 870	23 590	5 108 020	93 565 669
Cost	50 456 633	65 452 564	29 301	17 752 811	133 691 309
Accumulated Depreciation	(8 932 444)	(18 542 694)	(5 711)	(12 644 791)	(40 125 640)
Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other	Total
Carrying values at 1 July 2006	39 412 700	35 512 409	16 491	5 344 755	80 286 355
Cost	45 580 086	45 385 151	20 616	14 688 248	105 674 101
Accumulated Depreciation	(6 167 386)	(9 872 742)	(4 125)	(9 343 493)	(25 387 746)
Acquisitions	369 389	7 702 012	-	2 724 718	10 796 119
Depreciation	(1 368 849)	485 987 (2 459 179)	(687)	(1 576 336)	485 987 (5 405 051)
Carrying value of disposals					
Cost				-	-
Accumulated depreciation					-
Carrying values at 30 June 2007	38 413 240	41 241 229	15 804	6 493 137	86 163 410
Cost	45 949 475	53 573 150	20 616	17 412 966	116 956 207
Accumulated Depreciation	(7 536 235)	(12 331 921)	(4 812)	(10 919 829)	(30 792 797)

Refer to Appendix B for more detail on property, plant and equipment, including those in the process of been constructed.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether infrastructure and community assets are impaired. It is expected that an assessment of impairments will be done by 30 June 2008.